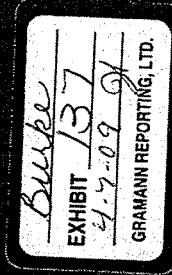


Company Update

April 8, 2008



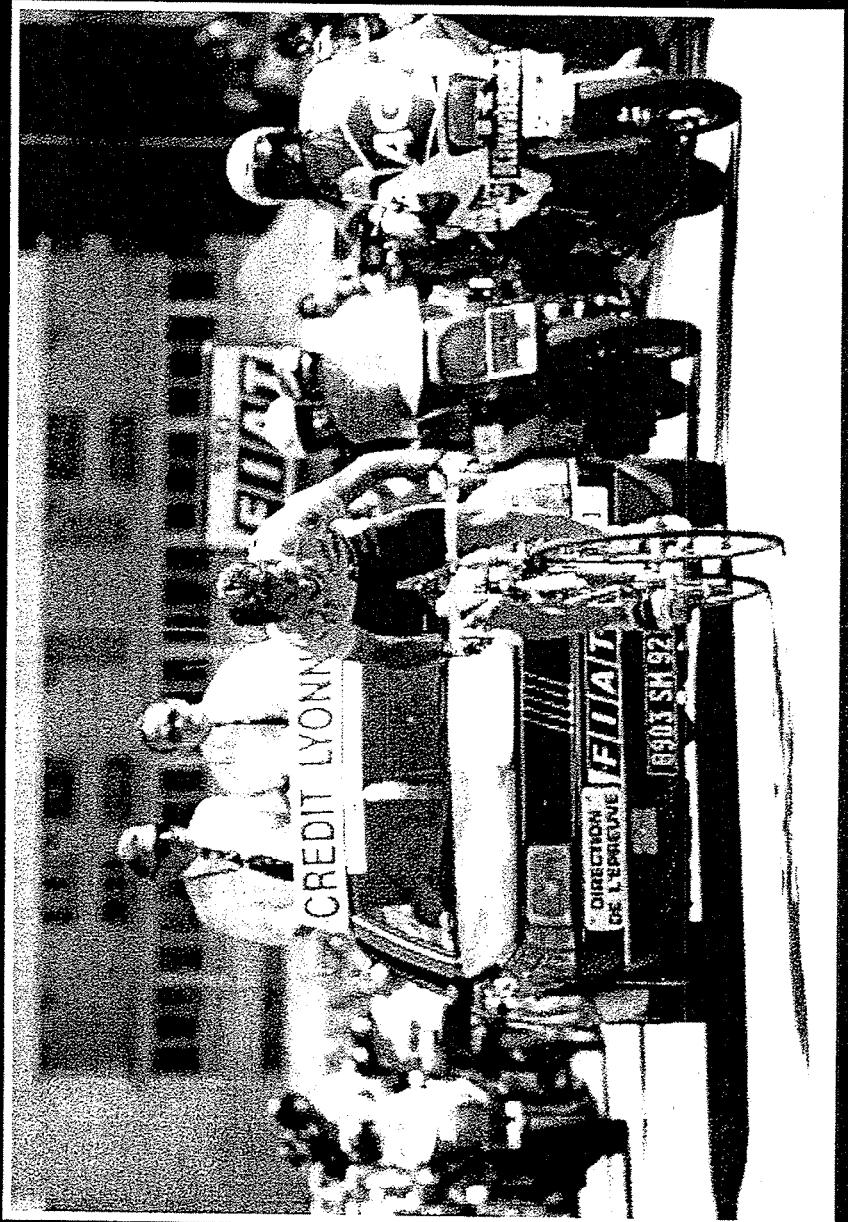
April 8, 2008



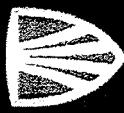
Trek has filed a lawsuit in federal court today to terminate our business relationship with Greg LeMond.

The LeMond Story

Greg wins the Tour de France in 1986, 1989 and 1990



1988 - 1995

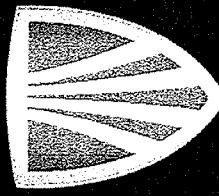


- Greg LeMond launches his own bicycle brand
- The business struggles with different partners

1995



• We welcome the LeMond brand into the
Trek family

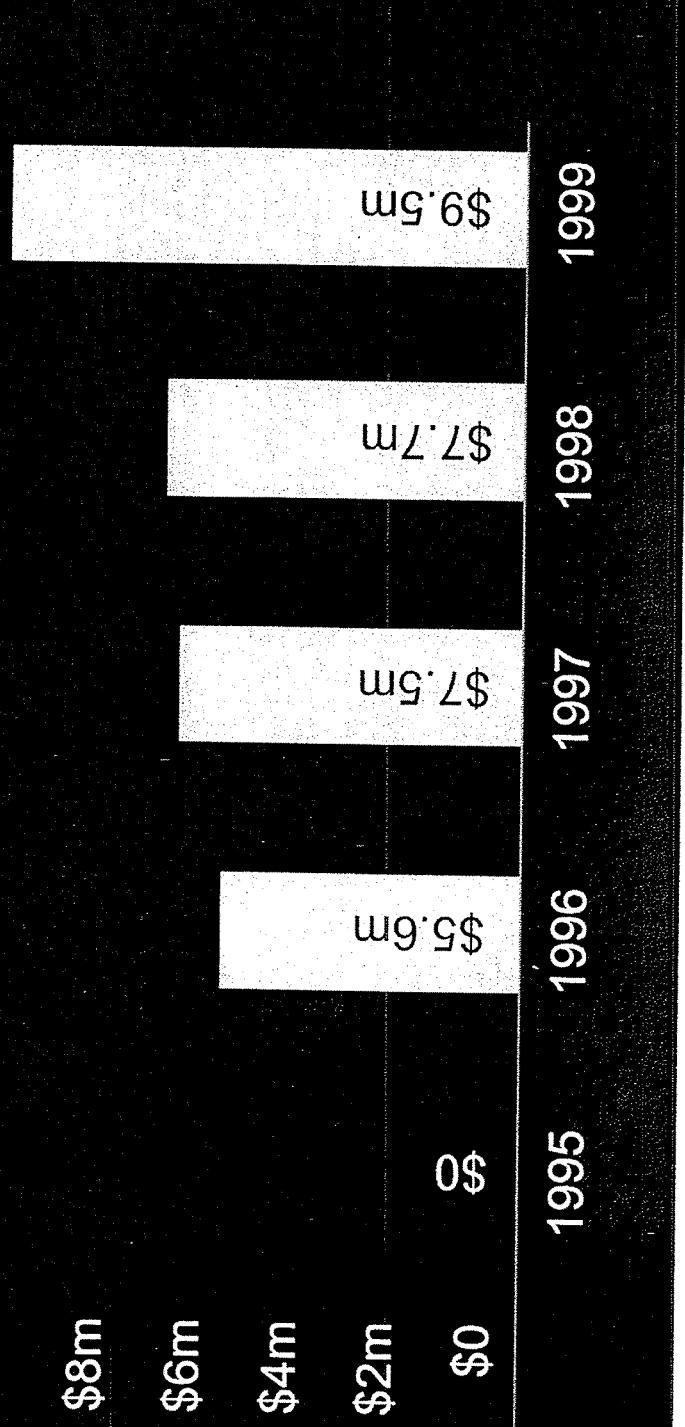


TREK

1996 - 1999



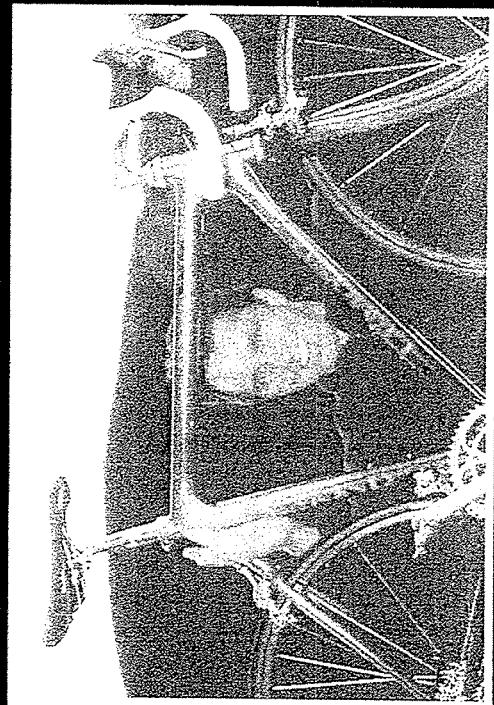
- Trek invests and grows the LeMond brand
- LeMond dealers grow from 0 to over 700
- LeMond sales grow from \$0 to \$9.5 million



Starting in 1999



- The LeMond brand is one of the **fastest-growing** brands of road bikes in the U.S.
- The LeMond brand is one of the **top five road brands** in the U.S. market along with Trek and Cannondale



May, 2000



- Greg begins to undercut the LeMond brand
- Despite Trek's guidance not to do so, Greg launches an accessories brand through mass merchants
- Damaged LeMond brand

2001



“If Lance is clean, it is the greatest comeback in the history of sports. If he isn’t, it would be the greatest fraud.”

— Greg LeMond in the *Sunday Times of London*; July 29, 2001

- Greg's statement about Lance devalues both the LeMond and Trek brands

- Trek is in the middle and tries to make peace

2004



“Lance is ready to do anything to keep his secret... I don’t know how he can continue to convince everybody of his innocence.”

— Greg LeMond in *Le Monde* (French newspaper); July 15, 2004

- Greg again makes a statement that devalues and harms both the LeMond and Trek brands

Fallout



“Thanks to Greg’s comments in the press recently, I would never even consider buying your product.”

— LeMond customer email; July 17, 2004

“I know that TREK has no control over Mr. LeMond’s statements, but I felt you should know as the manufacturer that his statements affect the public’s purchasing choices.”

— Trek customer email; July 18, 2004

Fallout



“[LeMond’s] comments in the French press are inexcusable. I was wholly disappointed in his actions and he tarnishes the name of Trek bicycles.”

— Trek customer email; July 18, 2004

“Why would you ride a LeMond bike? Who wants to be associated with Greg LeMond?”

— LeMond customer email; July 17, 2004

August 10, 2004



- Trek notifies Greg that he is in breach of contract
- Trek asks Greg to seek new partner, with an orderly transition to protect the integrity of the LeMond brand

December, 2004

- Greg informs Trek that no suppliers are interested
- Greg serves lawsuit that would seriously damage Trek



April, 2005



- John Burke meets with Greg and Kathy LeMond at their home

• John emails Greg, “*Trek does not have any problem with you making general comments regarding the negative effects of doping on the sport.*”

• Greg emails John, “*I am ready to move on regarding the doping and LA*”

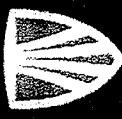
December 15, 2005



“I want to reassure you that I have no intentions of going out there and blasting off on LA. I want to move beyond this last period and start to enjoy riding the bike and the bike business.”

— Greg LeMond in an email to John Burke

Early 2006

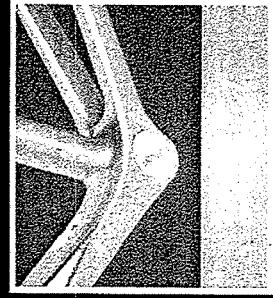
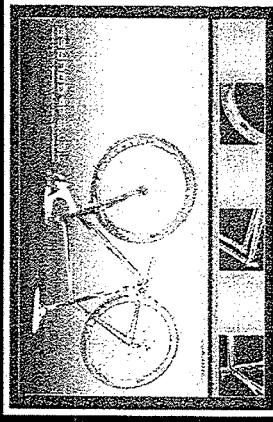
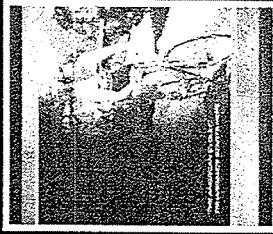


- Trek revamps the LeMond product line —
GREAT PRODUCTS

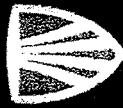
- Trek flies more than 100 dealers to Waterloo for dealer showcase

- Full marketing campaign for product line

- Trek flies major bicycle media to the Tour de Georgia for product launch



June, 2006



*"[Armstrong] threatened my wife, my business,
my life."*

— Greg LeMond in *L'Equipe Dimanche*; June 25, 2006

Fallout



"Last time LeMond spoke out about Lance, my LeMond sales went down. I could not give the expensive ones away. Now he is out trash talking Lance again in the media. I thought we were past this and was excited about the new LeMond bikes. I don't see how this can help sales."

— Top 100 Trek retailer in California; June 26, 2006

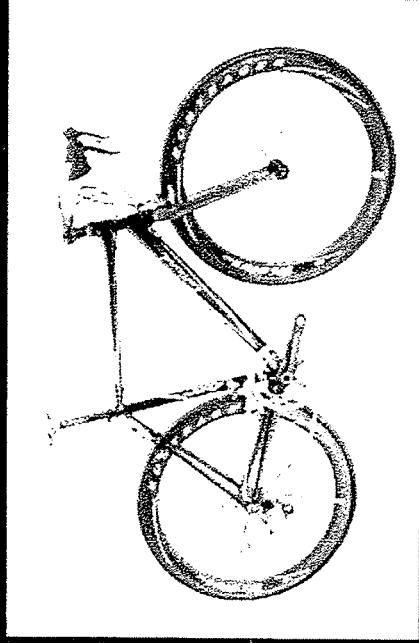
"I cannot shop in a Trek shop as long as I have to look at LeMond bikes. Greg LeMond is a whining sore loser and a detriment to the sport. Drop his name."

— Trek customer; June 25, 2006

February, 2007



- Trek continues to develop and promote the LeMond brand
- Trek launches new LeMond models at the Tour of California to domestic and international press
- Trek introduces the lightest road bike frame in the industry under the LeMond brand, the Tete de Course



October, 2007



Q: "You haven't been in touch with Road Racing for awhile."

A: "This is for my problems with Armstrong. I criticized his cooperation with Michael Ferrari and for that reason got into big trouble with Trek. If I had loudly said what I thought this would have been suicide for my business."

— Greg LeMond in *Tour Magazine* (Germany);
October 2007 issue

Fallout



“The guy is legend and I have the utmost respect for what he achieved in the sport but from a commercial perspective he’s an idiot and I don’t see any way back for us in Europe.”

— Malcolm Davies, General Manager of Trek’s European Division

November, 2007



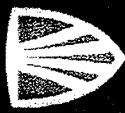
- John Burke privately notifies Greg that Trek will not extend the licensing agreement beyond 2010
- Greg asks for permission to look for other business partners
- Trek agrees

March 20, 2008

Greg LeMond again serves a
lawsuit that would seriously
damage Trek



April 8, 2008



We cannot continue to let Greg
LeMond damage the Trek family.

We need to step away from Greg
LeMond and go about our business.

April 8, 2008



It's a great day to be working at the
best bicycle company in the world.

